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To: Microsoft ATR
Date: 11/16/01 10:43am
Subject: Comments on Microsoft settlement.

The biggest problem with your settlement is that it does not deal with anti competitive behavior such as

(1) Windows XP released recently contains a free music player that will not play standard music files but will play Microsoft's proprietary format. For a \$40 upgrade, you can get one that plays standard formats. The music industry does not need another format, but rather Microsoft is only trying to force the industry to adopt its proprietary format. This is similar to the problems Microsoft caused with Sun and Java a couple of years back. This is also similar to the browser wars where a FREE internet explorer was released on the net. Microsoft used the proceeds from the operating system and office tools to fund a free browser. This browser still causes all kind of problems as it does not always adhere to HTML and other standards. Another example is MS Office is now the standard in industry, but Microsoft controls the data format. Companies make converters, but all Microsoft has to do is upgrade the data format and these companies are forced to update their software. Microsoft prevents companies from competing by owning the data format that is the industry standard.

Solution 1: Split the company into a operating system company and a software product company. Don't allow them to play these games. You can't regulate them when they go their own way and innovate new Microsoft standards. You see the US government has not yet got into regulating HTML standards, music file standards, etc... And they probably should not. But if you let Microsoft operate as is it will work to make Microsoft controlled formats as the new standard.

Solution 2: The US government will need to regulate all data formats and control these standards. Yuk.

(2) Windows XP that was recently released costs as much as \$199. MacOS X which was also released recently costs \$99. Apple has a much smaller market so thus they do not get the benefits of the economy of scale that Microsoft does. So why does it cost twice as much? Well the answer is that Microsoft is price gouging. They also charge excessively for MS Office. My company since it works with others in the industry must always upgrade these tools at whatever cost Microsoft is willing to charge. For new applications that are not well accepted Microsoft then gives these away free since the other parts of the company easily funds these. Microsoft recently started a huge ad campaign to hype the new XP software. Why do they need to spend more money on hyping the new operating system than all of Apple makes on profits from its operating system? The answer is that the performance and features do not entice people to upgrade. Microsoft benefits by getting a large percentage of users to upgrade, thus making it the new standard. Then the more reluctant and cost conscious companies will be forced to upgrade for compatibility reasons.

Solution 1: Split the company into three companies: operating system, office, and other tools. This will prevent price gouging from financing other new tools.

Solution 2: Have the US government regulate the prices of Microsoft tools.

(3) Recently someone I knew purchased a Microsoft mouse. He wanted to register the hardware purchase so that the warranty was usable. What he found out is that he was required to have a Passport account at Microsoft in order to register the software. (Once again Microsoft forcing people that use one component of Microsoft to use another). My friend did not want to have his personal information placed in this system as it is used by Microsoft for things other than warranty. So should he not get refunded for the portion of the product that is associated with warranty costs. If he works for a company that needs microsoft tools, then he will not complain with fear of reprisals.

Solution 1: Microsoft needs consultants/monitors within Microsoft walls watching for bad business practices and putting in place fair means for fixing these problems.

These are a few of my comments. I still think a break-up is the best way to deal with Microsoft. I don't think that the Appeal court over turning the previous ruling to split was issued because it thought a split was out of the question, but rather that the previous Judge was biased.

Thanks for soliciting input.
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